

PUBLIC DISCLOSURE

April 28, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Imperial Capital Bank
26348**

**888 Prospect Street, Suite 110
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**Federal Deposit Insurance Corporation
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NOTE:

This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Imperial Capital Bank** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **April 28, 2003**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Outstanding**.

Summary of Institution's CRA Performance

Imperial Capital Bank (Imperial Capital) demonstrates an excellent response to the needs of its assessment areas based on the following findings:

Lending Test

- ◆ Imperial Capital's level of lending reflects excellent responsiveness to the credit needs of its assessment areas.
- ◆ A high percentage of Imperial Capital's CRA reported lending is conducted inside its assessment areas.
- ◆ The geographic distribution of loans reflects excellent penetration of all income levels.
- ◆ Imperial Capital's distribution of borrowers reflects an excellent penetration among business borrowers of different income levels.
- ◆ Imperial Capital has taken a leadership role in community development lending.
- ◆ The institution uses innovative or flexible lending practices in order to serve the assessment area's credit needs.
- ◆ Imperial Capital has an excellent record of serving the credit needs of the most economically disadvantaged individuals and geographies.

Investment Test

- ◆ The level of qualified community development investments and grants reflects an excellent response to credit and community economic development needs.

Service Test

- ◆ Imperial Capital provides a relatively high level of community development and retail banking services.

LENDING, INVESTMENT, AND SERVICE TEST TABLE:

The following table indicates the performance level of the institution with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	Imperial Capital Bank		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

Compliance with Anti-Discrimination Laws

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified at this examination.

DESCRIPTION OF INSTITUTION:

Imperial Capital is a commercial retail bank headquartered in La Jolla, California. In January 2003, the institution changed its charter from an industrial bank to a state non-member commercial retail bank. The \$1.6 billion institution is wholly owned by ITLA Capital Corporation, La Jolla, California. Imperial Capital conducts business through six deposit-taking facilities within the State of California and, as of January 2003, one deposit-taking facility in Carson City, Nevada. Imperial Capital originates and purchases loans through a network of commercial loan brokers. Its lending is concentrated in the southwestern United States.

Imperial Capital's six California branch facilities are located throughout its eleven-county assessment area in the following California cities: Beverly Hills, Costa Mesa, Encino, Glendale, San Diego (Del Mar), and San Francisco. The following table shows a break down of the California branch locations by census tract income level.

Branch Location by Census Tract Income Level

Census Tract Income Category	Branch Locations	
	#	%
Low Income	1	17%
Moderate Income	1	17%
Middle Income	0	0
Upper Income	4	66%
Total	6	100%

Source: Bank's Self Assessment

Since the previous CRA evaluation, dated March 5, 2001, Imperial Capital has not opened or closed any branches within its defined assessment areas. However, in January 2003, the bank opened one branch facility in a middle-income census tract in Carson City, Nevada, and expanded its assessment areas for 2003 to include this branch. During this evaluation, only the bank's lending performance for 2001 and 2002 was evaluated. The next CRA evaluation will include 2003 information, including the new assessment area and branch location. Refer to Table 15 in Appendix F for a full review of the bank's distribution of branch delivery systems, deposit share, and branch openings and closings for 2001 and 2002.

FDIC assigned the institution a Satisfactory CRA rating, under the procedures for a large bank CRA evaluation, at the previous evaluation dated March 5, 2001.

Imperial Capital's business focus is commercial real estate lending, including multi-family residential real estate. During 2001, the institution sold its sub-prime loan portfolio of 1-4 family residential real estate loans. Currently, the only Home Mortgage Disclosure Act (HMDA) loans in the bank's loan portfolio are multi-family residential real estate loans. Most loans are originated or purchased through independent loan brokers. As of December 31, 2002, the bank's loan portfolio is comprised of approximately 43 percent commercial real estate loans and 37 percent multi-family residential real estate loans. The institution made no consumer or

agricultural loans during the review period. Imperial Capital's December 31, 2002 Report of Income and Condition, Schedule RC-C, listed the following loan categories and percentages:

Construction and Land Development:	8%
Secured by Multi-family residential properties	37%
Secured by nonfarm nonresidential properties	43%
Commercial and Industrial Loans	13%

Imperial Capital has experienced significant growth since the previous evaluation of March 2001. Total assets of \$1.6 billion, as of December 31, 2002, have grown approximately 32 percent since year-end 2000. Net loans increased 26 percent over the same two-year period. However, total deposits increased only 5 percent. To help fund this increase in lending, the institution became a member of the Federal Home Loan Bank, which provides a source of funding to banks at reduced costs.

No legal or financial impediments currently prevent the institution from helping to meet the credit needs of its assessment areas. However, Imperial Capital operates in a competitive environment. Many regional banks, community banks, savings associations, and credit unions operate within the institution's assessment area. Despite significant competition, the institution's net loan-to-deposit ratio was 123 percent as of December 31, 2002.

Assessment Areas

The institution has identified 11 counties in California as its assessment area. These 11 counties include Alameda, Contra Costa, Los Angeles, Marin, Orange, Riverside, San Bernardino, San Diego, San Francisco, San Mateo, and Santa Clara. The following table gives a breakdown of the overall assessment area census tracts and households by income category.

Demographics of Assessment Area

Income Level	Number of Census Tracts	Percentage	Number of Households	Percentage
Low Income	286	7%	439,317	6%
Moderate Income	895	22%	1,665,284	22%
Middle Income	1,574	38%	3,193,399	42%
Upper Income	1,185	29%	2,227,682	30%
NA	167	4%	303	0%
Total	4,107	100%	7,525,985	100%

Source: 1990 US Census

The table shows that low- and moderate-income census tracts make up 7 percent and 22 percent, respectively, of the assessment area census tracts. Low-income households comprise 6 percent of assessment area households, while moderate-income households comprise 22 percent.

Per 1990 US Census, there were 8,051,363 housing units in the eleven-county area: 50 percent were owner-occupied units and 46 percent were rental units. Sixty-eight percent of all housing units were 1-4 family units. Twenty-seven percent of all housing units were multi-family units. The median housing value was \$235,296 and the median year built was 1964. Median gross

monthly rent was \$659. Refer to Appendices F and G for a more detailed breakdown of demographics by separate assessment areas.

The California economy is avoiding recession. The jobless rate is elevated at 7.0 percent, as of first quarter 2003. Manufacturing continues its downward slide, with the most recent downturn in professional and business service employment. The strongest economies currently are in the Central Valley. Southern California is stable. The Bay Area remains in recession. Credit quality statewide remains very good; income growth is accelerating and housing markets, for the most part, remain balanced. The local economy for Imperial Capital's assessment area centers around three major cities: Los Angeles, San Francisco, and San Diego.

Los Angeles economy continues to decline, but at a moderate pace. The unemployment rate for first quarter 2003 is 6.6 percent, down from a 7.1 percent cyclical high during second quarter 2002. This improvement is attributed to stable payrolls in retailing, professional and business services, and healthcare. In the real estate market, demand still exceeds supply for housing as developable land is at a premium. Housing markets remain robust as home price appreciation remains in double digits, contributing to deteriorating affordability. Commercial real estate has seen some improvement due to the stabilizing economy. Vacancy rates for office and industrial properties have fallen moderately. The manufacturing industry decline has slowed due to stability in aircraft and apparel manufacturing. Cutbacks by Boeing's (Los Angeles second largest employer) commercial assembly in Long Beach have held aerospace employment steady. Extensive hiring is expected at Northrop Grumman, Raytheon, Lockheed Martin, and Boeing, causing aerospace employment to rise for the first time in five years. The leisure and hospital industries remained steady over the past two years. But the hotel industry is suffering due to low occupancy rates following the 9/11 terrorist attack. The film and entertainment industry provides an important pillar of support for the local economy. Global security concerns have bolstered the local industry, resulting in more major studio productions being shot in Los Angeles.

San Francisco economy remains in recession. The unemployment rate for first quarter 2003 is 5.8 percent. The collapse in the tech-based economy still has an indirect effect on business and professional services. United Airlines, San Francisco's largest employer is still in bankruptcy. The hotel and convention industry is still suffering from the effects of the terrorist attack, the war on Iraq, SARS, and a general reduction in traveling, with an occupancy rate of 57 percent. The San Francisco economy is buoyed by expansion in education and healthcare. Expansions at San Francisco's largest private hospital, combined with expanding biotech firms, have generated moderate economic growth. Office vacancy rates continue to rise with the loss of office-occupying industries; however, office space in the South of Market area, where rent is cheaper, is seeing a decline in office vacancy. Median sales price for single-family real estate has fallen five percent since fall 2002. San Francisco's economy remains one of the weakest nationwide.

San Diego has managed to avoid recession, with moderate expansion in its economy. The unemployment rate remains well below average at 4.4 percent, as of first quarter 2003. Employment in leisure and hospitality industries rose over the past year. San Diego's travel and tourism industry has fared better than most, since it is not dependent on international travel. The hotel occupancy rate remains below 9/11 figures, but is well ahead of the national average. San Diego's manufacturing industry is supported by strong consumer demand for electronics and

games, as well as, overseas demand for telecom equipment. Shipbuilding is bolstered by National Steel and Shipbuilding's construction of a new class of Navy cargo ship. General Atomics and Northrop Grumman will expand their work on unmanned aerial vehicles, encouraged by their effectiveness in Iraq and Afghanistan. San Diego's residential real estate market is well balanced between supply and demand, resulting in the rapid price appreciation of single-family homes, exceeding 20 percent. Defense spending and improved business investment will support the area's technology and defense-related industries. Commercial real estate vacancy rates remain below average. Long-term growth in San Diego's economy is expected to exceed the national average.

Affordable housing was consistently identified as the single most important credit need by recent community contacts made throughout Imperial Capital's assessment area. According to area residents and local organizations, the population of the assessment area is diverse in economic, financial, ethnic, and cultural characteristics. Affordable housing is out of reach for many of the low- and moderate-income residents. Community contacts encouraged local financial institutions to support non-profit community development corporations that help low- and moderate-income residents obtain affordable housing or stabilize low- and moderate-income areas through financing small business development.

Senior management stated that the most critical credit need identified throughout the bank's assessment area is affordable housing. With California real estate values continuing to escalate, and while the current economic environment is suffering a downturn, many low- and even moderate-income residents have been priced out of the housing market and are relying on affordable housing rentals in the form of multi-family residences or mobile home parks.

Evaluation Scope

The institution's lending, investments, and services were evaluated under the Large Bank CRA Evaluation Procedures. The current evaluation was conducted from the institution's corporate headquarters in La Jolla, California. Examiners relied on records provided by the bank, publicly available loan and financial information, demographic data, community contacts, and loan information reported under the HMDA and Community Reinvestment Act (CRA). Throughout this evaluation, the terms "originated loans" or "loans" includes originated and purchased loans, unless otherwise noted.

The institution reported HMDA applicable multi-family, home purchase, and refinance loans, as well as, small business and community development loans for CRA evaluation. During the loan review period the institution did not make any small farm or consumer loans. Therefore, the Lending Test review includes HMDA loans and CRA small business loans originated during 2001 and 2002. Since no anomalies were identified when reviewing the two-year period, the Core Tables, found in Appendix F of this Performance Evaluation, combine the two years into one analysis.

During 2001, the bank sold its sub-prime portfolio of 1-4 family residential properties and no longer offers this type of residential mortgage loan product. While the 1-4 family purchase money and refinance loans originated by the bank in 2001 are captured in the Core Tables, an

analysis of these loans did not materially affect the bank's overall HMDA loan evaluation. Therefore, these loans are not included in the HMDA analysis presented in the body of this Performance Evaluation. The following table shows a breakdown of the bank's CRA loans, analyzed in this Performance Evaluation presentation.

CRA Loans Reviewed

Loan Type	Reported in 2001		Reported in 2002	
	Number	\$ Volume (000)	Number	\$ Volume (000)
Multi-family HMDA Loans	224	140,726	427	283,409
Small Business Loans	44	21,165	102	32,709
Totals	268	161,891	529	316,118

The bank reports community development loans in each year's CRA data collections; therefore, community development loans for 2001 and 2002 were evaluated. Investments and services were evaluated in aggregate for the evaluation review period, which includes transactions between March 6, 2001 and April 28, 2003.

Imperial Capital's designated assessment area includes 11 counties within the state of California. For evaluation purposes, the 11 counties were reduced to three separate assessment areas:

- Los Angeles CMSA Assessment Area (which includes the counties of Los Angeles, Orange, San Bernardino, and Riverside, but excludes Ventura County);
- San Francisco CMSA Assessment Area (which includes the counties of San Francisco, Alameda, Contra Costa, Marin, San Mateo, and Santa Clara, but excludes the counties of Santa Cruz, Napa, Solano, and Sonoma); and
- San Diego County MSA Assessment Area.

The assessment area delineation appears reasonable, as it does not arbitrarily exclude any low- and moderate-income census tracts and follows the geographical boundaries of counties, MSA or CMSA.

For this evaluation, the institution's overall performance in the 11 counties was evaluated, with conclusions and an overall rating disclosed in this Performance Evaluation. Additionally, the bank's performance within the Los Angeles CMSA Assessment Area was evaluated using full scope review procedures with conclusions presented separately. Imperial Capital makes 88 percent of its assessment area loans within its Los Angeles CMSA Assessment Area. Additionally, 76 percent of its deposits, as of June 30, 2002, were from this assessment area. Therefore, more weight is given to that evaluation in determining the overall rating. Limited scope reviews of the bank's performance in the San Francisco CMSA and the San Diego County MSA Assessment Areas were conducted. See Appendix F, Table 1 and Table 15, for a further breakdown of the bank's loans and deposits by assessment area.

OVERALL CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS :

The overall rating and conclusions represent a blend of the institution's performance in all three assessment areas. However, more weight is placed on the Los Angeles CMSA Assessment Area because that area has the largest percentage of the bank's deposits and lending volume.

LENDING TEST

Imperial Capital is rated Outstanding in the Lending Test. The Lending Test is comprised of the following seven components.

- Lending Activity (Level of Lending);
- Percentage of Lending within the Assessment Areas;
- Geographic Distribution of Loans;
- Borrower Profile;
- Community Development Lending;
- Innovative or Flexible Lending Practices; and
- Record of Serving the Credit Needs of Highly Disadvantaged Individuals and Areas.

In evaluating the institution's lending performance, Lending Activity, Geographic Distribution, and Community Development Lending are weighted most heavily.

Lending Activity

Imperial Capital's level of lending reflects an excellent response to the credit needs of its assessment areas. The institution has experienced significant growth since the previous CRA evaluation. Total assets have increased 32 percent from year-end 2000 to year-end 2002. Total loans have kept pace with 26 percent growth over the same two-year period.

The institution's net loan to deposit ratio continues to increase. As of December 31, 2002, the ratio is 123 percent. Imperial Capital's quarterly average ratio, since December 2000, for net loans to deposits is 118 percent. As of December 31, 2002, net loans equaled 190 percent of core deposits, compared to 99 percent for peer banks. Although Imperial Capital's primary focus is commercial real estate lending, 37 percent of its loan portfolio is secured by multi-family residential real estate.

Lending Inside the Assessment Area

As shown in the table below, a high percentage of Imperial Capital's CRA loans are originated inside its assessment areas.

Percent Lending Inside the Assessment Areas

Loan Type	Reported in 2001		Reported in 2002	
	Number	\$ Volume	Number	\$ Volume
Multi-family HMDA Loans	89%	75%	74%	69%
Small Business Loans	77%	76%	81%	69%

A review of the distribution of multi-family HMDA applications originated into loans inside and outside of the bank's assessment areas, shows that Imperial Capital originated 224 loans, totaling \$141 million, during 2001. Of these loans, 89 percent, or 199 were originated inside the bank's assessment areas and 11 percent, or 25 were originated outside of the bank's assessment areas. Loans originated inside the bank's assessment areas represent 75 percent by dollar volume, or \$106 million. Loans originated outside the bank's assessment areas represent 25 percent, or \$35 million. During 2002, Imperial Capital originated 427 loans, totaling over \$283 million. Of these loans, 74 percent, or 314 were originated inside the bank's assessment areas and 26 percent, or 113 were originated outside of the bank's assessment area. Loans originated inside the bank's assessment areas represent 69 percent by dollar volume, or \$195 million. Loans originated outside the bank's assessment area represent 31 percent, or \$89 million.

A review of the distribution of Imperil Capital's small business loans inside and outside of the bank's assessment areas, shows that the bank originated 44 small business loans, totaling \$21 million, during 2001. Of these loans, 77 percent, or 34 were originated inside the bank's assessment areas and 23 percent, or 10 were originated outside of the bank's assessment areas. Loans originated inside the bank's assessment areas represent 76 percent by dollar volume, or \$16 million. Loans originated outside the bank's assessment areas represent 24 percent, or \$5 million. During 2002, Imperial Capital originated 102 small business loans, totaling \$33 million. Of these loans, 81 percent, or 83 were originated inside the bank's assessment areas and 19 percent, or 19 were originated outside of the bank's assessment areas. Loans originated inside the bank's assessment areas represent 69 percent by dollar volume, or \$23 million. Loans originated outside the bank's assessment area represent 31 percent, or \$10 million.

Geographic Distribution of Loans

Imperial Capital's overall distribution of loans reflects an excellent penetration throughout its assessment areas. The significant increase in low- and moderate-income area lending, described below under both the HMDA Loan Analysis and the Small Business Loan Analysis, is attributed to Imperial Capital's new ICE program. Imperial Capital's ICE Program limits the origination amount of loans secured by multi-family residential real estate to \$2 million and loans secured by commercial real estate to \$500,000. This cap on loan amounts has had the effect of a low- and moderate-income lending focus. The ICE Program was initiated in April 2002. Refer to Innovative and Flexible Lending Practices, described under the Lending Test in the overall analyses for details of the ICE Program.

Only loans extended within the assessment areas are included in this analysis.

HMDA Loan Analysis

As shown in the following table, Imperial Capital's distribution of multi-family residential mortgage loans is excellent when compared to the ratios of all HMDA reporters of multi-family

residential mortgage loans in 2001. The table below details the institution's distribution of multi-family residential mortgage lending by census tract income level. Columns two and three in the table detail Imperial Capital's performance for 2002 and 2001, while the fourth column represents all lenders in 2001. The last column gives a breakdown of the location of multi-family housing in the assessment areas by census tract income level, according to the 1990 US Census.

Distribution of Multi-family Mortgage Loans by Census Tract Income Level

Census Tract Income Category	ICB Performance 2002		ICB Performance 2001		All Lenders 2001	Distribution of Multi-family Units
	#	%	#	%	%	%
Low	76	24%	54	27%	14%	11%
Moderate	150	48%	84	42%	37%	29%
Middle	71	23%	54	27%	36%	41%
Upper	17	5%	7	4%	13%	19%
Total	314	100%	199	100%	100%	100%

Source: HMDA Disclosure Statements (2001, 2002), HMDA Aggregate Data (2001), 1990 US Census

The table shows that Imperial Capital's 2001 rate of lending in low- and moderate-income census tracts, of 27 percent and 42 percent, respectively, significantly exceeded the rates achieved by all lenders, of 14 percent and 37 percent, respectively, in the eleven-county area. Additionally, the bank's lending performance exceeds the percent distribution of multi-family units in low- and moderate-income census tracts. The bank's performance in 2002 shows a significant increasing trend for lending in moderate-income tracts.

An analysis of the institution's 2001 lending performance by dollar volume of residential mortgage loans further supports the bank's excellent geographic distribution of loans, with 27 percent and 32 percent, respectively, of the institution's multi-family mortgage loan dollars originated in low- and moderate-income census tracts. During 2002, Imperial Capital's total dollar volume in low- and moderate-income tracts is 26 percent and 40 percent, respectively, further verifying the bank's increasing trend in lending in moderate-income areas.

There were no conspicuous gaps in the geographic distribution of lending within the assessment areas.

Refer to Table 5a. in Appendix F - Performance Evaluation Core Tables for the geographic distribution of multi-family loans for each assessment area.

Small Business Loan Analysis

As shown in the following table, Imperial Capital's distribution of small business loans is excellent when compared to the ratios of all CRA reporters of small business loans through out the assessment areas in 2001. The table below details the institution's distribution of small business lending by census tract income level. Columns two and three in the table detail Imperial Capital's performance for 2002 and 2001, while the fourth column represents all lenders in 2001. The last column gives a breakdown of the location of small businesses in the assessment areas by census tract income level, according to D&B, Inc. 2002 data.

Distribution of Small Business Loans by Census Tract Income Level

Census Tract Income Category	ICB Performance 2002		ICB Performance 2001		All Lenders 2001	Distribution of Small Businesses*
	#	%	#	%	%	%
Low	16	19%	3	9%	6%	7%
Moderate	29	35%	8	24%	19%	20%
Middle	28	34%	12	35%	40%	38%
Upper	10	12%	11	32%	34%	34%
NA	0	0	0	0	1%	1%
Total	83	100%	34	100%	100%	100%

Source: CRA Disclosure Statements (2001, 2002), CRA Aggregate Data (2001), *D&B Data 2002

The table shows that Imperial Capital's 2001 rate of lending in low- and moderate-income census tracts, of 9 percent and 24 percent, respectively, significantly exceeded the rates achieved by all lenders, of 6 percent and 19 percent, respectively, in the eleven-county area. Additionally, the bank's lending performance exceeds the percent distribution of small businesses in low- and moderate-income census tracts of 7 percent and 20 percent, per D&B 2002 data. As shown in the table, the bank's performance in 2002 shows a significant increasing trend for lending in low- and moderate-income tracts.

An analysis of the institution's 2001 lending performance by dollar volume of small business loans further supports the bank's excellent geographic distribution of loans, with 8 percent and 26 percent of the institution's small business loan dollars, respectively, originated in low- and moderate-income census tracts. During 2002, Imperial Capital's total dollar volume in low- and moderate-income tracts increased to 12 percent and 42 percent, respectively, further verifying the bank's increasing trend in lending in low- and moderate-income areas.

There were no conspicuous gaps in the geographic distribution of lending within the assessment areas.

Refer to Table 6a. in Appendix F - Performance Evaluation Core Tables for the geographic distribution of small business loans for each assessment area.

Borrower Profile

Imperial Capital's distribution of borrowers by gross annual revenues reflects an excellent penetration among business customers of different income levels. Only loans extended within the assessment areas are included in the analysis.

HMDA Loan Analysis

Financial institutions applicable to HMDA are not required to report borrower income figures for loans secured by multi-family dwellings. Loans secured by multi-family residential real estate are typically made to business borrowers and a comparison of the business's annual income, or the annual gross rents of the collateral property, to the median family income would not be meaningful. Therefore, no evaluation was made for Borrower Profile for the institution's multi-family mortgage loans.

Small Business Loan Analysis

As shown in the table below, 100 percent of the institution's small business loans were originated to business customers with gross revenues of \$1 million or less in 2001. In 2002, 92 percent of the institution's small business loans were originated to business customers with gross revenues of \$1 million or less. These percentages reflect the bank's excellent performance when compared to the aggregate ratio of 40 percent for all lenders in the bank's assessment areas in 2001. D&B 2002 data is provided for further comparison. The bank's performance based on dollar volumes is not significantly different.

Small Business Loans by Gross Annual Revenue of Borrower

Borrower Gross Income Category	ICB Performance 2002 % by #	ICB Performance 2001 % by #	All Lenders 2001 % by #	2002 Dun & Bradstreet Data
Under \$1 Million	92%	100%	40%	67%
Over \$1 Million	8%	0	60%	7%
Not Reported	0	0	0	26%
Total	100%	100%	100%	100%

Source: CRA Disclosure Statements (2001, 2002), CRA Aggregate Data (2001), D&B data 2002

Refer to Table 11a. in Appendix F - Performance Evaluation Core Tables for the 2001 and 2002 combined distribution of small business loans by borrower income levels for each assessment area.

Community Development Lending

Imperial Capital has taken a leadership role in community development lending and achieved an excellent level of community development loans, considering the bank's asset size, financial ability, and opportunities within its various assessment areas. The bank's level of reported community development lending increased over 600 percent since the prior CRA evaluation, from \$33 million to \$251 million for this evaluation period. The bank granted 372 extensions of credit totaling \$250,719,000 that qualify as community development loans by providing affordable housing for low- and moderate-income families, or revitalizing low- and moderate-income geographies identified as Enterprise Zones within its assessment areas, or in a larger state-wide or region-wide area. Each loan has community development as a primary purpose and meets the other technical requirements to be considered a community development loan.

Affordable Housing Community Development Loans

During 2001 and 2002, Imperial Capital reported a total of 363 multi-family community development loans, totaling \$243 million. Each of these multi-family housing loans meets the definition of community development by providing affordable housing to low- and moderate-income people.

Loans in Areas Designated as Enterprise Zones

During this review period, Imperial Capital made nine community development loans, totaling \$8 million, in areas identified as Enterprise Zones by various government entities. The

Empowerment Zone/Enterprise Community Program is a federal program designed to empower people and communities across the nation to work together to create jobs and opportunities. Areas defined as Empowerment/Enterprise Zones meet certain population, size, and poverty criteria, and can be characterized as having pervasive poverty, unemployment, and general distress. These nine Enterprise Zone loans meet the definition of community development by stabilizing and revitalizing low- and moderate-income areas.

Seventy-two percent of the institution's community development loans (63 percent by dollar volume) were originated in the Los Angeles CMSA Assessment Area. Los Angeles CMSA offers more opportunity for community development lending because of its larger population and higher percentage of low- and moderate-income census tracts.

Refer to Table 1 in Appendix F - Performance Evaluation Core Tables for a breakdown of Community Development Loans by assessment areas.

Flexible or Innovative Lending Practices

Imperial Capital uses innovative or flexible lending practices in serving its assessment area credit needs. During this review period, Imperial Capital has initiated three new loan programs that meet the definition of flexible or innovative lending practices: the ICE program, the RAL program, and the Franchise Loan Acquisition Division.

ICE Program

The Imperial Capital Express (ICE) program offers smaller dollar loans to small businesses at reduced rates and with faster loan processing. The program distinguishes between loans secured by multi-family residential real estate and commercial real estate. The maximum loan amount for multi-family residential real estate loans, including apartment buildings and mobile home parks, is \$2 million. The maximum loan amount for commercial real estate loans is \$500,000. Due to the high cost of real estate in California, these maximum loan amounts have had the effect of targeting low- and moderate-income areas. A geographic distribution analysis of these loans showed that 18 percent were located in low-income census tracts and 51 percent were located in moderate-income census tracts.

The ICE program focuses on streamlined underwriting, which allows loan transactions to close within 30 to 45 days. As part of the bank's ICE Program, a loan officer teaches real estate seminars to brokers, on a semi-monthly basis, focusing on underwriting criteria for apartment building and mobile home park lending in low- and moderate-income areas. This extra effort has had a large impact on Imperial Capital's lending in low- and moderate-income areas. Through the ICE program, implemented in April 2002, Imperial Capital originated 164 loans totaling \$76 million, during 2002.

This program illustrates Imperial Capital's innovative lending practices and its commitment to providing affordable housing and small businesses loans, credit needs identified by community contacts and senior management.

RAL Program

Through the bank's new branch facility in Carson City, Nevada, Imperial Capital offers Refund Anticipation Loans (RALs) to taxpayers who electronically file their income tax returns with the Internal Revenue Service (IRS) through approved Electronic Return Originators (EROs). A RAL enables taxpayers, who have overpaid their federal income taxes and are eligible for a refund, to borrow against their anticipated refund with a loan from Imperial Capital. Many of the RAL borrowers are low- or moderate-income taxpayers, who do not have personal bank accounts for automatic deposit of their tax refund. Imperial Capital's RAL product allows these taxpayers to obtain their tax refund in as little as 24 hours. During the 2003 tax season, January through April, Imperial Capital originated over 5.3 million RALs, totaling over \$11.7 billion. The RAL product is considered to be innovative and shows Imperial Capital's commitment to meeting the credit needs of the low- and moderate-income residents of its assessment areas and broader regional areas.

Franchise Lending

Imperial Capital Bank expanded its franchise financing with the development of a Franchise Loan Acquisition Division in August 2002. Prior to August 2002, the institution had developed a portfolio of purchased franchise loans. Through this new division, located in Tempe, Arizona, Imperial Capital will expand its franchise financing to include originations. Since the previous evaluation in March 2001, Imperial Capital has purchased 19 franchise loans, totaling \$41 million. Since the implementation of the Franchise Loan Acquisition Division of the bank, Imperial Capital has originated four loans, totaling \$3,955,000. These four loans range from \$675,000 to \$1,800,000 in origination amounts. Three of the four originated franchise loans were made to small businesses within the bank's assessment areas and support Imperial Capital's commitment to provide flexible small business start-up financing, a credit need identified through community contacts within the bank's assessment areas.

Responsiveness to the Needs of the Highly Disadvantaged

Imperial Capital exhibits an excellent record of serving the credit needs of low-income individuals and areas.

The institution's geographic distribution of lending reflects excellent distribution of lending in low-income areas when compared to the aggregate performance by all HMDA reporters of multi-family mortgage loans within the bank's assessment areas. Twenty-seven and 24 percent, respectively, of the home mortgage loans extended by Imperial Capital in 2001 and in 2002 were in low-income geographies, which is significantly higher than the 14 percent achieved by all lenders in 2001. Correspondingly, Imperial Capital's small business loan penetration rate of 9 percent in 2001 and 19 percent in 2002, in low-income census tracts, significantly exceeded the penetration rate for all lenders in 2001, of 6 percent.

Some of Imperial Capital's products are targeted to the needs of the highly disadvantaged, such as the RAL program, which allows people, who do not have a bank account for automatic deposit, to receive their tax refund much sooner than if received by mail.

INVESTMENT TEST

Imperial Capital Bank is rated Outstanding under the Investment Test. The institution exhibits an excellent response to the credit and community economic development needs of its assessment areas.

The investment test evaluates the institution's record of meeting the credit needs of its assessment areas through its use of qualified investments. These qualified investments must benefit the assessment areas, or a broader statewide or regional area that includes the institution's assessment areas, and have not been considered under the lending or service test.

Community Development Investments and Initiatives

Imperial Capital has an excellent level of qualified community development investments that consists of innovative equity investments, a complex collateralized mortgage obligation (CMO) investment, tax credit for low-income housing investment, and numerous donations and grants. The institution's qualified investments for the current review period and current balances of prior period qualified investments total 362 investments, at over \$71 million.

Imperial Capital's qualified investments provide affordable housing to low- and moderate-income individuals throughout the state of California, including its three assessment areas. Additionally, the institution's investments help support small businesses in low- and moderate-income census tracts identified as redevelopment areas by the state or local government.

The institution has a significant level of qualified investments as they equal 4.45 percent of total assets, 38 percent of equity capital, and 57 percent of total investments, as of year-end 2002. These ratios reflect Imperial Capital's strong commitment to community development investment.

Refer to Table 14 in Appendix F - Performance Evaluation Core Tables for a list of qualified investments by assessment areas.

Below is a brief description of Imperial Capital's various qualified investments.

Affordable Housing Rehabilitation and Construction

CMO Trust

The CMO Trust is an investment that includes commercial multi-family housing loans. In 2000, Imperial Capital's parent company ITLA Capital (ITLA) purchased this investment. Imperial Capital participated in and supported this transaction by purchasing rated bonds issued by the Trust. At the time of the purchase the Trust had over \$250 million in assets, comprised of commercial and multi-family mortgages. As of this evaluation date, total book value of the investment in the CMO Trust is \$118 million. Of this amount \$66 million, or 56 percent, is located within California. Of the \$66 million in California, \$62 million is located within the bank's three assessment areas. Geographic analysis of the multi-family mortgages located in Imperial Capital's assessment areas, shows that 62 percent of these loans are in low- and

moderate-income census tracts (54 percent by dollar volume), thus, providing housing to low- and moderate-income individuals. This investment is held in an ITLA subsidiary, organized solely to hold this investment.

This complex investment meets the requirements of community development by providing multi-family housing in low- and moderate-income census tracts throughout the state of California, including the bank's assessment areas.

Low Income Housing Tax Credit Fund

During 2000, the institution made an innovative \$5 million investment in a low-income housing tax credit project. The current book value of this investment is \$3.9 million. The program provides affordable housing projects that qualify for Section 42 Tax Credits. Section 42 Tax Credits originated as part of the Tax Reform Act of 1986 which gave Low Income Housing Tax Credits (LIHTCs) to investors, thereby providing incentives for investment in projects designed to provide affordable housing to low- and moderate-income individuals. Each investor in the project invested approximately \$5 million of the \$62 million investment in the entire Fund.

The investors receive a combination of tax credits, tax savings from losses, and potential cash receipts. The specific program Imperial Capital participated in consists of nine affordable housing and historic properties.

This innovative investment meets the requirements of community development by providing affordable multi-family housing in low- and moderate-income census tracts in the bank's assessment area.

Foregone Dividends

Imperial Capital foregoes a portion of its dividends due from the Federal Home Loan Bank of San Francisco to be redirected to affordable housing. Foregone dividends for this review period total \$168,000. These funds help create financing for affordable housing programs that benefit low-income families throughout California, including those who reside within the bank's assessment areas.

Financial Intermediaries and Community Development Corporations

Imperial Capital continues to carry a \$500,000 investment in a Community Development Financial Intermediary (CDFI) in the Los Angeles CMSA that provides small business loans through its loan pool from investors such as Imperial Capital. Additionally, during this review period, Imperial Capital made a \$25,000 equity investment in another CDFI that establishes innovative programs for affordable housing and community economic development in the San Francisco area.

The institution continues to maintain a \$50,000 initial equity investment in two Small Business Community Development Corporations. An additional \$14,000 was invested during 2001 and 2002. The institution participates with other local financial institutions and corporations to provide small business expansion and alternative financing. Many of these borrowers would not otherwise qualify for conventional financing. Small business financing was identified as a credit need through community contacts in the bank's assessment areas.

Other Equity Investments

Investments in Minority Owned Banks

During this review period Imperial Capital deposited \$100,000 in a certificate of deposit (CD) with each of two minority-owned financial institutions within the Los Angeles CMSA Assessment Area. These CDs automatically renew each six months and are intended to be long-term investments in economically depressed urban communities. Imperial Capital receives below market interest on these investments. These funds are used for investment in economically depressed urban communities.

Micro-Enterprise Development Program

During 2001, the institution invested \$25,000 in a non-profit micro-business lender who offers micro loans to start-up business owners. These small start-up companies would not otherwise meet conventional lending guidelines. Imperial Capital continues to maintain a previous investment of \$20,000, for a total investment of \$45,000 in this Micro-Enterprise Development Program. The bank's investment helps to meet this critical small business start-up credit need, which was identified by community contacts within the bank's assessment areas.

In-Kind Contributions of Property

During the review period, Imperial Capital made two donations of used office equipment to a college institute serving low-income students, and to a micro-enterprise lender whose business focus is commercial lending to revitalize and stabilize low- and moderate-income areas of San Diego. No monetary value was reported by Imperial Capital for these in-kind contributions of property.

Qualified Grants and Donations

During this review period, the institution contributed a total of 92 donations, totaling \$185,000. Imperial Capital has made many grants and donations to various community organizations that have community development as their primary purpose, including a \$2,500 investment to a non-denominational, faith-based community development organization. This organization was established to support the Asian American community, by assisting low-income individuals achieve self-sufficiency in the areas of housing, job development, and economic opportunities. Imperial Capital's donation allowed this community development organization to partner with the FDIC to introduce a Korean version of FDIC's Money Smart Program. The Money Smart Program is designed to help adults outside of the financial mainstream to enhance their money skills and create positive banking relationships.

SERVICE TEST

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's system for delivering retail banking services and the extent and innovativeness of its community development services.

Imperial Capital's performance under the Service Test is considered High Satisfactory.

Retail Banking Services

Imperial Capital's overall retail banking services are readily accessible to all portions of the bank's communities, including low- and moderate-income geographies and individuals.

In January 2003, Imperial Capital changed its state charter from an industrial bank to a state nonmember commercial bank. Under its prior industrial thrift and loan charter, Imperial Capital was not allowed to offer transaction deposit accounts, and was unable to compete with retail banks for non-interest bearing checking accounts. With the transition to a commercial bank, the institution recently expanded its deposit products to include transactional accounts, such as demand deposit accounts and negotiable order of withdrawal (NOW) accounts. In conjunction with these new retail products, the bank has begun offering debit cards and has installed ATMs in six of its seven branches that connect to a nation-wide network. Additionally, cash dispensing machines are housed at each of the branch facilities. The institution continues to offer competitively priced deposit account products and charges account fees that are comparable to its peers. Examples of interest earning accounts are a money market checking account, a savings account that requires a low minimum opening balance, an individual retirement account, and an array of CD products.

To date, utilization of the institution's new retail products has been low and is geared primarily to bank staff on a test basis. Imperial Capital is still in the process of developing its new retail banking products, including pricing, marketing materials, forms, disclosures, and sales training programs, before offering them to business customers, real estate customers, and consumer customers.

In the ordinary course of business, the institution does not engage in consumer lending; however, Imperial Capital has recently launched a new tax refund anticipation loan (RAL) product, nationwide, through its Nevada branch facility. Additionally, in August 2001, Imperial Capital became a licensed VISA/MasterCharge logo lender to facilitate a contract with another financial institution to provide credit cards to Imperial Capital customers. The institution no longer offers 1-4 family residential real estate loans. Imperial Capital primarily finances affordable housing multi-family properties, property rehabilitation loans, and other types of commercial real estate transactions, through a network of brokers.

Below are specific comments relating to Imperial Capital's performance under the four characteristics covered under the retail banking services category.

Accessibility of Delivery Systems

Since Imperial Capital is a commercial lender, accessibility to retail banking products is not a primary need for its commercial customers. However, deposit taking facilities and loan offices are readily accessible to the business communities in Imperial Capital's assessment areas. The institution has six California branches and one branch in the state of Nevada, which opened in January of 2003. Imperial Capital has a loan officer in four of the six branches in California; however, loan production is through independent brokers and is not associated with the deposit taking facilities in California. The institution has three specialized lending facilities: in Santa Monica, California, for the bank's ICE program; in Tempe, Arizona, for the bank's newly expanded franchise lending division; and in Carson City, Nevada, for the RAL program. (See Innovative and Flexible Lending comment for details on specialized lending units)

The following table details information on the institution's branch geographic distribution as of this evaluation date. As detailed below, the institution's branches are located in low-, moderate-, middle-, and upper-income census tracts. Twenty-eight percent of the branches are located in low- and moderate-income tracts. Branch dispersion is considered adequate to meet the needs of the bank's customer base since this population is not reliant on branch location for bank services.

Imperial Capital's Branch Distribution*

Census Tract Income Category	Branch Locations	
	#	%
Low Income	1	14
Moderate Income	1	14
Middle Income	1	14
Upper Income	4	58
Total	7	100

Source: Bank's Self Assessment

*Includes the Carson City Branch which opened in January 2003

Refer to table 15 in Appendix F, which details the distribution of branch delivery systems, as of June 30, 2002.

Alternate Delivery Systems

Imperial Capital offers alternative delivery systems that are readily accessible to essentially all portions of its assessment areas, including low- and moderate-income geographies and individuals. These alternate delivery systems are detailed below:

- An informational Internet web site at www.imperialcapital.com. Customers have online informational access, which allows flexibility in managing money. Transactional capabilities are available for both checking and loan-related accounts for balance review, account inquiries, or the transfer of funds between deposit accounts at the institution. Disclosure statements for deposit and loan products are available online. The Internet site also offers a link to Turbo-Tax.

- A toll-free number that provides access to all branch offices and offers account inquiries and transaction assistance, as well as, transfers between Imperial Capital accounts.
- A postage-paid Bank-By-Mail service.
- ATMs at five of the six California deposit-taking facilities and at the bank's Carson City, Nevada branch.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies or individuals. The bank offers a variety of financial services through its branches and specialized lending facilities. The institution offers business hours that appear to satisfy the needs of its commercial customers in its assessment areas. All offices are on major streets and are open Monday through Friday from 9:00 a.m. to 4:30 p.m. The bank's ATMs are located inside the branch facilities and, thus, available during business hours; however, the bank's ATM system is connected to a nation-wide network, which allows customers to access their accounts via other ATMs. The bank's phone banking and Internet banking is available 24 hours a day, 7 days a week.

Changes in Branch Locations

Imperial Capital's record of opening and closing branches has not adversely affected the accessibility of its services to low- and moderate-income individuals or areas. The institution did not close any deposit-taking facilities, but expanded its branching network to include a full-service branch in Carson City, Nevada, in January 2003. This new branch is located in a middle-income census tract.

The bank maintains a branch closing policy that meets all regulatory requirements in the event of future changes.

Community Development Services

Imperial Capital provides a relatively high level of community development services within its assessment areas based on the institution's asset size, available staff, and opportunities within the assessment areas. All of the services meet the definition of "community development," and relate to the provision of financial services as required by the regulation for consideration under CRA. The institution's chairman, officers, and employees maintain ongoing relationships with, and provide technical expertise to, community groups throughout the assessment areas. Examples of these include organizations that benefit affordable housing or small business, or services targeted to low- and moderate-income individuals and small businesses. The institution's involvement includes contributions of staff expertise, fund raising efforts, and technical assistance and education.

The following items represent the most significant community development services provided by Imperial Capital during the evaluation period.

- Imperial Capital offers a Refund Anticipation Check (RAC) in conjunction with its RAL product. Taxpayers who do not qualify for the RAL program can have their income tax return electronically submitted and their refund from the IRS electronically deposited with Imperial Capital. When the bank receives the tax refund from the IRS, a bank check is provided to the taxpayer. This provides taxpayers who don't have bank deposit accounts a quicker way to receive their tax refund. For a small fee, Imperial Capital cashes the federal income tax refund bank checks for these non-customer taxpayers, typically low- and moderate-income individuals, who would otherwise have to use a check cashing service. During the 2003 tax preparation period, the bank issued 1.8 million RACs, totaling over \$4.5 billion.
- In conjunction with the bank's new specialized ICE loan program, a loan officer conducts seminars for potential brokers, to teach them the specific loan underwriting requirements for apartment complexes and mobile home parks in low- and moderate-income areas. This community development service facilitates a larger number of loans in low- and moderate-income areas.
- Imperial Capital is participating in the rollout of the Korean version of the FDIC's nationwide financial literacy program, known as Money Smart. This is an important federal initiative that is designed to educate low- and moderate-income individuals through the use of ten basic financial education modules. Bi-lingual bank employees will conduct the actual training sessions.
- Imperial Capital's Chairman was one of the founding directors of America's first non-profit investment banking organization after the 1992 Los Angeles riots. He continues to act in a financial advisory capacity by serving on the board of directors for this 501-C 3, tax-exempt organization. This organization is wholly committed to the social and economic revitalization of urban, inner-city, and under-served communities. Its primary focus is to provide cost-effective education solutions and an urban distribution system for financial services and capital access. The organization provides small business and housing loans, educational services, and credit counseling for low- and moderate-income individuals residing in low- and moderate-income areas within the Los Angeles CMSA and the San Diego MSA. Imperial Capital sponsors the San Diego Chapter with money and donations of employees' time to conduct the organization's financial literacy program.
- Imperial Capital sponsors transportation to and from a local institute and aquarium for inner city schools that would not normally have the educational opportunity to visit this prestigious institute.
- A director of Imperial Capital previously founded and continues to sit on the board of a neighborhood housing services organization that is dedicated to providing affordable housing in urban and rural areas throughout the United States, including the bank's assessment areas.
- A director created and continues to participate in a local association that provides financial education to first-time home buyers, career counseling, start-up business counseling/education, and provides grant money for minority-owned start-up businesses.

- During the review period, many of the institution's employees acted as banker-teacher in a youth empowerment program. The program provides for increased youth economic literacy through one-on-one classroom tutoring. Participants volunteered at high schools located in low- and moderate-income areas throughout the Los Angeles and San Diego areas.
- An Imperial Capital associate volunteers at an 18-month residential program for survivors of domestic violence and their children. The program provides furnished residences for families, counseling and parenting classes, legal assistance, GED tutoring and education assistance, job skill assessment with training and career counseling, and educational activities for children.
- An officer of the bank volunteers at a homeless shelter serving Riverside and San Bernardino Counties. He acts as financial advisor for the shelter. Additionally, he conducts a financial literacy program for the residents of the shelter.
- Various employees and directors sit on boards of several local non-profit organizations that offer community development services.
- An Imperial Capital associate is a volunteer committee member for a financial literacy program that provides financial training for Spanish-speaking adults in the San Diego area.

METROPOLITAN AREAS

DESCRIPTION OF INSTITUTION'S OPERATIONS IN LOS ANGELES, CALIFORNIA CMSA ASSESSMENT AREA:

Imperial Capital serves this assessment area through four branch facilities located throughout the Los Angeles CMSA Assessment Area in the cities of Beverly Hills, Costa Mesa, Encino, and Glendale. As of June 30, 2002, 76 percent of the institution's deposits were from these four branches. Eighty-eight percent of Imperial Capital's assessment area HMDA and CRA reported loans are originated in the Los Angeles CMSA Assessment Area. Recent community contacts in the Los Angeles CMSA identified the need for financial institutions to partner with non-profit Community Development Corporations (CDC) or Community Development Financial Institutions (CDFI) to provide affordable housing and small business financing, including micro-loans, as well as, home ownership education, credit counseling, and technical assistance for start-up businesses. CDFIs identified strong funding demand from court appointed receivers who are cleaning up slum properties in southern California. Several contacts encouraged financial institutions to become a shareholder in local CDFIs and participate in: the New Markets Tax Credit Program, which provides additional capital to small businesses located in low-income areas; State of California Loan Guaranty Program that provides risk-free micro-lending to small businesses; and the California State Tax Credit Program for community development activities. Imperial Capital was named as a Class A Shareholder in a local CDFI.

Geographic and Demographic Composition

This assessment area includes four of the five counties in the Los Angeles CMSA: Los Angeles, Orange, Riverside, and San Bernardino counties, but excludes Ventura County. This four-county assessment area stretches from the Pacific Ocean on the west to the state line on the East. The city of Los Angeles is by far the largest city in the assessment area.

Refer to Appendix G - Assessment Area Demographics for detailed demographics for the Los Angeles CMSA Assessment Area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN LOS ANGELES, CALIFORNIA CMSA ASSESSMENT AREA:

LENDING TEST

Imperial Capital's performance in the Los Angeles CMSA Assessment Area for the following five lending test components is discussed under the Overall Conclusions with Respect to Performance Tests: Lending Activity; Percentage of Lending within the Assessment Areas; Community Development Lending; Innovative or Flexible Lending Practices; and Record of Serving the Credit Needs of Highly Disadvantaged Individuals and Areas. Please refer to the Overall Conclusions with Respect to Performance Tests for comments. Conclusions for

Geographic Distribution of Loans and Borrower Profile specific to the Los Angeles CMSA Assessment Area are presented below.

Geographic Distribution of Loans

Imperial Capital's distribution of loans reflects an excellent penetration throughout the Los Angeles CMSA Assessment Area. The significant increase in low- and moderate income area lending described below under both the HMDA Loan Analysis and the Small Business Loan Analysis is attributed to Imperial Capital's new ICE program. Imperial Capital's ICE Program limits the origination amount of loans secured by multi-family residential real estate to \$2 million and loans secured by commercial real estate to \$500,000. This cap on loan amounts has had the effect of a low- and moderate-income area lending focus. The ICE Program was initiated in April 2002. Refer to Innovative and Flexible Lending Practices, described under the Lending Test in the overall analyses for details of the ICE Program.

Only loans extended within the assessment area are included in this analysis.

HMDA Loan Analysis

As shown in the following table, Imperial Capital's distribution of multi-family residential mortgage loans is excellent when compared to the ratios of all HMDA reporters of multi-family residential mortgage loans for 2001 in this assessment area. The table below details the institution's distribution of multi-family residential mortgage lending by census tract income level. Columns two and three in the table detail Imperial Capital's performance for 2002 and 2001, while the fourth column represents all lenders in 2001. The last column gives a breakdown of the location of multi-family housing in the Los Angeles CMSA Assessment Area by census tract income level, according to the 1990 US Census.

Distribution of Multi-family Mortgage Loans by Census Tract Income Level

Census Tract Income Category	ICB Performance 2002		ICB Performance 2001		All Lenders 2001	Distribution of Multi- family Units
	#	%	#	%	%	%
Low	68	25%	49	26%	13%	11%
Moderate	131	48%	80	43%	36%	28%
Middle	60	22%	51	27%	36%	39%
Upper	15	5%	7	4%	15%	22%
Total	274	100%	187	100%	100%	100%

Source: HMDA Disclosure Statements (2001, 2002), HMDA Aggregate Data (2001), 1990 US Census

The table shows that Imperial Capital's 2001 rate of lending in low- and moderate-income census tracts, of 26 percent and 43 percent, respectively, significantly exceeded the rates achieved by all lenders, of 13 percent and 36 percent, respectively, in the four-county assessment area. Additionally, the bank's lending performance exceeds the percent distribution of multi-family units in low- and moderate-income census tracts. The bank's performance in 2002 shows a significant increase in lending in moderate-income tracts.

An analysis of the institution's 2001 lending performance by dollar volume of residential mortgage loans further supports the bank's excellent geographic distribution of loans, with 28

percent and 31 percent of the institution's multi-family mortgage loan dollars, respectively, originated in low- and moderate-income census tracts. During 2002, Imperial Capital's total dollar volume in low- and moderate-income tracts is 29 percent and 43 percent, respectively, further verifying the bank's increasing trend in lending in moderate-income areas.

Refer to Table 5a. in Appendix F - Performance Evaluation Core Tables for the geographic distribution of multi-family loans for the Los Angeles CMSA Assessment Area for the two years combined.

Small Business Loan Analysis

As shown in the following table, Imperial Capital's distribution of small business loans is excellent when compared to the ratios of all CRA reporters of small business loans throughout the Los Angeles CMSA Assessment Area in 2001. The table below details the institution's distribution of small business lending by census tract income level. Columns two and three in the table detail Imperial Capital's performance for 2002 and 2001, while the fourth column represents all lenders in 2001. The last column gives a breakdown of the location of small businesses in the Los Angeles CMSA Assessment Area by census tract income level, according to D&B 2002 data.

Distribution of Small Business Loans by Census Tract Income Level

Census Tract Income Category	ICB Performance 2002		ICB Performance 2001		All Lenders 2001	Distribution of Small Businesses*
	#	%	#	%	%	%
Low	14	18%	3	11%	6%	6%
Moderate	27	35%	4	14%	19%	20%
Middle	27	35%	11	39%	36%	36%
Upper	9	12%	10	36%	38%	37%
NA	0	0	0	0	1%	1%
Total	77	100%	28	100%	100%	100%

Source: CRA Disclosure Statements (2001, 2002), CRA Aggregate Data (2001), *D&B Data 2002

The table shows that Imperial Capital's 2001 rate of lending in low- and moderate-income census tracts, of 11 percent and 14 percent, respectively, significantly exceeded the rate achieved by all lenders in low-income tracts, of 6 percent, but fell short of aggregate lending in moderate-income areas by 5 percent. However, the bank's lending performance significantly increased in 2002 in both low- and moderate-income census tracts to 18 percent and 35 percent, respectively.

An analysis of the institution's 2001 lending performance by dollar volume of small business loans further supports the bank's excellent geographic distribution of loans, with 10 percent and 11 percent of the institution's small business loan dollars, respectively, originated in low- and moderate-income census tracts. During 2002, Imperial Capital's total dollar volume in low- and moderate-income tracts is 11 percent and 43 percent, respectively, further verifying the bank's increased lending in low- and moderate-income areas.

Refer to Table 6a. in Appendix F - Performance Evaluation Core Tables for the geographic distribution of small business loans for the Los Angeles CMSA Assessment Area for the two years combined.

Borrower Profile

Imperial Capital's distribution of borrowers by gross annual revenues reflects an excellent penetration among business customers of different income levels. Only loans extended within the Los Angeles CMSA Assessment Area are included in the analysis.

HMDA Loan Analysis

Financial institutions applicable to HMDA are not required to report borrower income figures for loans secured by multi-family dwellings. Loans secured by multi-family residential real estate are typically made to business borrowers and a comparison of the business's annual income, or the annual gross rents of the collateral property, to the median family income would not be meaningful. Therefore, no evaluation was made for Borrower Profile for the institution's multi-family mortgage loans.

Small Business Loan Analysis

One hundred percent of Imperial Capital's small business loans were originated to business customers with gross revenues of \$1 million or less in 2001 in the Los Angeles CMSA Assessment Area. In 2002, 89 percent of the institution's small business loans were originated to business customers with gross revenues of \$1 million or less. These percentages reflect the bank's excellent performance when compared to the aggregate percentage of 15 percent for all CRA reporters of small business loans in the Los Angeles CMSA Assessment Area in 2001. D&B 2002 data is provided for further comparison. The bank's performance based on dollar volumes is not significantly different.

Small Business Loans by Gross Annual Revenue of Borrower

Borrower Gross Income Category	ICB Performance 2002 % by #	ICB Performance 2001 % by #	All Lenders 2001 % by #	2002 D&B Data
Under \$1 Million	89%	100%	15%	67%
Over \$1 Million	11%	0	85%	7%
Not Reported	0	0	0	26%
Total	100%	100%	100%	100%

Source: CRA Disclosure Statements (2001, 2002), CRA Aggregate Data (2001), D&B data 2002

Refer to Table 11a. in Appendix F - Performance Evaluation Core Tables for the 2001 and 2002 combined distribution of small business loans by borrower income levels.

INVESTMENT TEST and SERVICE TEST

The Investment Test and Service Test conclusions for the Los Angeles CMSA Assessment Area are discussed in detail under the Overall Conclusions with Respect to Performance Tests.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN
SAN FRANCISCO, CALIFORNIA CMSA ASSESSMENT AREA:**

Imperial Capital serves this assessment area through one branch facility at 580 California Street, San Francisco, California, located in a low-income census tract. Twenty percent of Imperial Capital's deposits are from this branch, as well as, six percent of all CRA reported loans originated throughout the bank's 11-county assessment area. Recent community contacts in the San Francisco CMSA identified the need for affordable housing and micro-business start-up loans for local small business endeavors. Additional needs include counseling and guidance to small business owners through entrepreneurial centers and start-up programs.

Geographic and Demographic Composition

This assessment area includes six counties in the San Francisco CMSA: Alameda, Contra Costa, Marin, San Francisco, San Mateo, and Santa Clara counties.

Refer to Appendix G - Assessment Area Demographics for detailed demographics for the San Francisco CMSA Assessment Area.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN
SAN FRANCISCO, CALIFORNIA CMSA ASSESSMENT AREA:**

The data presented for San Francisco CMSA Assessment Area are not inconsistent with the overall conclusions expressed with respect to each performance test. Refer to Appendix F - Performance Evaluation Core Tables for detailed information on Imperial Capital's combined performance for 2001 and 2002 in the San Francisco CMSA Assessment Area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SAN DIEGO COUNTY CALIFORNIA MSA:

Imperial Capital serves this assessment area through one branch facility at 12770 High Bluff Drive, San Diego, California, located in an upper-income census tract. Less than five percent of Imperial Capital's deposits are from this branch, as well as, only six percent of all CRA reported loans originated throughout the bank's 11-county assessment area. Recent community contacts in the San Diego County MSA identified the need for affordable housing and small business lending, including micro-lending (loans less than \$50,000) and other SBA loans programs. Additionally, with the down turn in the local economy, there is a greater need for financial institutions to become involved with local non-profit Community Development Corporations (CDC) to provide funding and technical assistance to start-up businesses.

Geographic and Demographic Composition

This assessment area includes only San Diego County.

Refer to Appendix G - Assessment Area Demographics for detailed demographics for the San Diego County MSA Assessment Area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SAN DIEGO COUNTY CALIFORNIA MSA ASSESSMENT AREA:

The data presented for the San Diego County MSA Assessment Area are not inconsistent with the overall conclusions expressed with respect to each performance test. Refer to Appendix F - Performance Evaluation Core Tables for detailed information on Imperial Capital's combined performance for 2001 and 2002 in the San Diego County MSA Assessment Area.

APPENDIX A

SCOPE OF EXAMINATION:

Imperial Capital Bank
SCOPE OF EXAMINATION: Large Bank Full Scope Examination
TIME PERIOD REVIEWED: March 6, 2001 to April 28, 2003
PRODUCTS REVIEWED: Multi-family HMDA Loans and CRA Small Business Loans

LIST OF AFFILIATES AND PRODUCTS REVIEWED		
AFFILIATE(S):	AFFILIATE RELATIONSHIP:	PRODUCTS REVIEWED:
NA	NA	NA

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA:	TYPE OF EXAMINATION:	BRANCHES VISITED:	OTHER INFORMATION:
Los Angeles CMSA	Full Scope	None	
San Francisco CMSA	Limited Scope	None	
San Diego MSA	Limited Scope	None	

APPENDIX B

SUMMARY OF STATE AND MULTISTATE MSA RATINGS				
STATE OR MULTISTATE MSA NAME:	LENDING TEST RATING:	INVESTMENT TEST RATING:	SERVICE TEST RATING:	OVERALL STATE RATING:
NA	NA	NA	NA	NA

APPENDIX C - GENERAL DEFINITIONS

GEOGRAPHY TERMS

Block: Small areas bounded on all sides by visible features such as streets, roads, streams or rail road tracks, and invisible features like city or town boundaries or property lines. Blocks are subdivisions of census tracts or block numbering areas (BNA), and are assigned a unique three-digit number.

Block Group: Clusters of blocks within a census tract or BNA, having a four-digit number and a three-digit suffix. The four-digit number corresponds to the same number given to the census tract or BNA in which it is located.

Block Numbering Areas (BNAs): Statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

Rural Area: Territories, populations and housing units that are not classified as urban.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified

by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

APPENDIX D - INVESTMENT DEFINITIONS

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. The equity investments are subject to limits specified by the bank's regulator. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization. Any real estate ownership should generally be temporary, with ownership reverting to members or organizations in the community.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. They procure loans and investments that conventional financial institutions are unable to invest in, and they link financing to other developmental activities. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. CDFIs share a common mission and can be chartered as a credit union or bank. CDFIs can also be unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, microenterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Low Income Housing Tax Credits: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis. Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains in place throughout the compliance period, usually 30 years.

Qualified Investments: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting low- and moderate-income individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize low- and moderate-income geographies.

APPENDIX E - STANDARD PE LANGUAGE

LENDING TEST

Scope of Test

The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity; 2) the proportion of lending within the assessment area(s); 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; 5) the distribution of small business and small farm loans by loan amount at origination; 6) the volume of community development lending; and 7) the use of innovative or flexible lending practices. Performance under the lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Community Development Lending:

Performance Criteria

The institution's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

Innovative and Flexible Lending Practices:

Performance Criteria

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

INVESTMENT TEST

Scope of Test

The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the lending or service test may not be considered under the investment test. The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

SERVICE TEST

Scope of Test

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services

and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

APPENDIX F

PERFORMANCE EVALUATION CORE TABLES - 2001 and 2002

Institution ID: 30000026348 **IMPERIAL CAPITAL BANK**

Table 1. Lending Volume

LENDING VOLUME		Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002						
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage****		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
State wide Community Development Loans								73	63,304	73	63,304	
Full Review:												
Los Angeles CMSA Assessment Area	87.69	486	257,399	105	34,477	0	0	267	156,840	858	448,716	75.67
Limited Review:												
San Francisco CMSA Assessment Area	5.93	34	14,802	6	1,426	0	0	16	11,335	56	27,563	19.62
San Diego MSA Assessment Area	6.38	37	38,011	6	2,745	0	0	16	19,240	59	59,996	4.71

The FFIEC has adopted a standard set of data tables, sequentially numbered 1-15, for use in every Large Bank CRA Public Evaluation. Any tables not included in this PE were excluded because the institution has not originated or purchased any loans in the relevant category during the period under review or did not elect to report consumer loan data.

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is From January 01, 2001 to December 31, 2002.

*** Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

****Includes 44 home purchase and refinance loans totaling \$9 million. During 2001, the bank sold its sub-prime portfolio of 1-4 family loans and no longer offers this type of residential mortgage product.

Table2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Los Angeles CMSA Assessment Area	13	76.47	1.67	0.00	15.51	15.38	40.38	23.08	42.44	61.54	1.96	13.69	40.00	44.29
Limited Review:														
San Francisco CMSA Assessment Area	4	23.53	2.37	0.00	12.99	25.00	49.66	50.00	34.98	25.00	3.12	16.06	51.87	28.86
San Diego MSA Assessment Area	0	0.00	1.88	0.00	13.42	0.00	49.05	0.00	35.64	0.00	2.08	13.17	45.39	39.36

* Based on 2001 Peer Mortgage Data: US and PR.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE				Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Los Angeles CMSA Assessment Area	12	44.44	1.67	16.67	15.51	0.00	40.38	41.67	42.44	41.67	1.29	10.88	38.26	49.54
Limited Review:														
San Francisco CMSA Assessment Area	10	37.04	2.37	30.00	12.99	30.00	49.66	10.00	34.98	30.00	2.27	12.64	49.78	35.18
San Diego MSA Assessment Area	5	18.52	1.88	0.00	13.42	0.00	49.05	60.00	35.64	40.00	1.64	10.64	46.13	41.59

* Based on 2001 Peer Mortgage Data: US and PR.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5a. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Los Angeles CMSA Assessment Area	461	89.86	11.26	25.38	27.96	45.77	39.17	24.08	21.59	4.77	12.82	36.43	35.85	14.86
Limited Review:														
San Diego MSA Assessment Area	32	6.24	8.32	25.00	33.09	40.63	43.56	34.38	15.03	0.00	17.26	45.09	32.66	4.99
San Francisco CMSA Assessment Area	20	3.90	13.46	25.00	28.53	50.00	44.00	15.00	13.98	10.00	17.01	34.63	38.04	10.32

* Based on 2001 Peer Mortgage Data: US and PR.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6a. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES				Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Los Angeles CMSA Assessment Area	105	89.74	6.46	16.19	19.76	29.52	35.57	36.19	36.80	18.10	6.10	18.94	36.88	38.08
Limited Review:														
San Francisco CMSA Assessment Area	6	5.13	10.50	16.67	18.27	33.33	42.88	33.33	28.07	16.67	9.07	19.09	44.63	27.21
San Diego MSA Assessment Area	6	5.13	3.66	16.67	22.69	66.67	42.95	0.00	30.52	16.67	2.97	19.87	45.98	31.18

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2002).

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Los Angeles CMSA Assessment Area	13	76.47	21.66	0.00	17.30	0.00	20.97	0.00	40.07	0.00	2.88	14.46	27.07	55.59
Limited Review:														
San Francisco CMSA Assessment Area	4	23.53	19.72	0.00	17.98	0.00	23.39	0.00	38.91	0.00	1.64	9.61	23.18	65.57
San Diego MSA Assessment Area	0	0.00	19.87	0.00	18.72	0.00	22.32	0.00	39.09	0.00	1.62	10.43	23.35	64.60

* Based on 2001 Peer Mortgage Data: US and PR.

** As a percentage of loans with borrower income information available. No information was available for 100.00% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE				Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp	
Full Review:															
Los Angeles CMSA Assessment Area	12	44.44	21.66	0.00	17.30	0.00	20.97	0.00	40.07	0.00	3.26	12.40	24.09	60.24	
Limited Review:															
San Francisco CMSA Assessment Area	10	37.04	19.72	0.00	17.98	0.00	23.39	0.00	38.91	0.00	3.50	13.68	25.27	57.55	
San Diego MSA Assessment Area	5	18.52	19.87	0.00	18.72	0.00	22.32	0.00	39.09	0.00	2.61	11.10	24.15	62.14	

* Based on 2001 Peer Mortgage Data: US and PR.

** As a percentage of loans with borrower income information available. No information was available for 100.00% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table11a. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: CALIFORNIA			Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Los Angeles CMSA Assessment Area	105	89.74	66.67	93.33	27.62	20.95	51.43	359,671	147,198
Limited Review:									
San Francisco CMSA Assessment Area	6	5.13	67.63	100.00	50.00	33.33	16.67	151,745	59,053
San Diego MSA Assessment Area	6	5.13	68.53	100.00	0.00	0.00	100.00	71,036	29,181

* Based on 2001 Peer Small Business Data: US&PR.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 1.71% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: CALIFORNIA		Evaluation Period: March 6, 2001 TO April 28, 2003					
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
State-Wide Investments	219	66,143	15	168	234	66,311	93.03		0
Full Review:									
Los Angeles CMSA Assessment Area	29	550	73	378	102	928	1.30	0	0
Limited Review:									
San Francisco CMSA Assessment Area	1	3,948	18	37	19	3,985	5.59	0	0
San Diego MSA Assessment Area	1	20	6	34	7	54	0.08	0	0

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002					
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Los Angeles CMSA Assessment Area	75.67	4	67	0.00	25.00	0.00	75.00	0	0	0	0	0	0	6.77	25.81	38.12	29.09
Limited Review:																	
San Francisco CMSA Assessment Area	19.62	1	17	100.00	0.00	0.00	0.00	0	0	0	0	0	0	6.59	20.56	47.03	25.59
San Diego MSA Assessment Area	4.71	1	17	0.00	0.00	0.00	100.00	0	0	0	0	0	0	6.24	23.15	43.98	25.26

APPENDIX G - ASSESSMENT AREA DEMOGRAPHICS

<u>Assessment Area</u>	<u>Page</u>
Los Angeles CMSA	49
San Francisco CMSA	50
San Diego County	51

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Los Angeles CMSA Assessment Area

Demographic Information for Full Scope Area: ICB LA CMSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2,434	7.11	23.79	36.57	31.39	1.15
Population by Geography	13,862,513	6.77	25.81	38.12	29.09	0.21
Owner-Occupied Housing by Geography	2,502,873	1.67	15.51	40.38	42.44	0.00
Business by Geography	983,082	6.46	19.76	35.57	36.80	1.42
Farms by Geography	10,190	2.73	17.42	39.90	39.57	0.38
Family Distribution by Income Level	3,280,845	21.66	17.30	20.97	40.07	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	1,278,114	11.19	36.47	37.53	14.81	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below Poverty Level		41,252 58,589 10.58%	Median Housing Value Unemployment Rate (1990 US Census)		225,148 3.5%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 US Census and 2002 HUD updated MFI

San Francisco CMSA Assessment Area

Demographic Information for Limited Scope Area: ICB SF CMSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,228	7.08	17.92	39.98	24.76	10.26
Population by Geography	5,184,169	6.59	20.56	47.03	25.59	0.23
Owner-Occupied Housing by Geography	1,075,931	2.37	12.99	49.66	34.98	0.00
Business by Geography	398,808	10.50	18.27	42.88	28.07	0.28
Farms by Geography	4,950	4.53	17.45	47.11	30.79	0.12
Family Distribution by Income Level	1,257,815	19.72	17.98	23.39	38.91	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	474,188	11.40	29.56	45.89	13.15	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below Poverty Level		49,282 86,100 7.7%	Median Housing Value Unemployment Rate (1990 US Census)		328,885 3.43%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 US Census and 2002 HUD updated MFI

San Diego MSA Assessment Area

Demographic Information for Limited Scope Area: ICB San Diego MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	445	5.84	21.57	43.37	26.29	2.92
Population by Geography	2,498,016	6.24	23.15	43.98	25.26	1.36
Owner-Occupied Housing by Geography	477,564	1.88	13.42	49.05	35.64	0.01
Business by Geography	170,382	3.66	22.69	42.95	30.52	0.18
Farms by Geography	2,820	1.42	17.77	47.13	33.69	0.00
Family Distribution by Income Level	605,144	19.87	18.72	22.32	39.09	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	233,527	10.85	33.93	42.51	12.71	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below Poverty Level		39,798 60,100 9.26%	Median Housing Value Unemployment Rate (1990 US Census)		186,159 3.83%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 US Census and 2002 HUD updated MFI